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Integrated and coordinated implementation of and follow-up to the outcomes of the major United Nations conferences and summits in the economic, social and related fields

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Administrative and budgetary aspects of the financing of the United Nations peacekeeping operations

Oversight lacunae in the United Nations system

Note by the Secretary-General

The Secretary-General has the honour to transmit to the members of the General Assembly the report of the Joint Inspection Unit entitled "Oversight lacunae in the United Nations system" (JIU/REP/2006/2).

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OVERSIGHT LACUNAE IN THE UNITED NATIONS SYSTEM

Prepared by the

Joint Inspection Unit

Geneva 2006

United Nations

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ABBREVIATIONS

ACABQ	Advisory Committee on Administrative and Budgetary Questions
ASG	Assistant Secretary-General
BOA	United Nations Board of Auditors
CPC	Committee for Programme and Coordination
DED	Deputy Executive Director
DOS	Division for Oversight Services (UNFPA)
EAO	Office for Programme Evaluation, Audit and Management Review (ICAO)
EO	Evaluation Office
FAO	Food and Agriculture Organization of the United Nations
IAEA	International Atomic Energy Agency
IAIS	Internal Audit and Investigation Service (WMO)
IAO	Office of Internal Audit and Oversight (ILO)
IAOD	Internal Audit and Oversight Division (WIPO)
ICAO	International Civil Aviation Organization
ICSC	International Civil Service Commission
IGO	Inspector-General's Office (UNHCR)
IIA	Institute of Internal Auditors
ILO	International Labour Organization
IMO	International Maritime Organization
IOS	Internal Oversight Service
ITC	International Trade Centre
ITU	International Telecommunication Union
JIU	Joint Inspection Unit
MSA & IOS	Member State Audit and Internal Oversight Section (IMO)
OAPR	Office for Audit and Performance Review (UNDP)
OCG	Office of the Comptroller General (UNIDO)
OIA	Office of Internal Audit
OIG	Office of the Inspector-General (FAO)
OIOS	Office of Internal Oversight Services
RBM	results-based management
RIAS	Annual meeting of the Representatives of Internal Audit Services of United Nations organizations and multilateral financial institutions
UNDP	United Nations Development Programme
UNEP	United Nations Environment Programme
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNFPA	United Nations Population Fund
UN-Habitat	United Nations Human Settlements Programme
UNHCR	Office of the United Nations High Commissioner for Refugees
UNICEF	United Nations Children's Fund
UNIDO	United Nations Industrial Development Organization
UNITAR	United Nations Institute for Training and Research
UNODC	United Nations Office on Drugs and Crime
UNOPS	United Nations Office for Project Services
UNRWA	United Nations Relief and Works Agency for Palestine Refugees in the Near East
UNU	United Nations University
UNWTO	World Tourism Organization
UPU	Universal Postal Union
USG	Under-Secretary-General
WFP	World Food Programme
WHO	World Health Organization
WIPO	World Intellectual Property Organization
WMO	World Meteorological Organization

Introduction

1. In January 2005, the Joint Inspection Unit (JIU) included a report on oversight lacunae in the United Nations system in its work programme for that year.[1] A primary purpose was to establish whether internal mechanisms were in place to review allegations of wrongdoing against officials from the highest echelons of the organizations, to assess the adequacy of such mechanisms that did exist, and to determine where the final responsibility for the outcome of such cases should lie. A further objective was to examine the external oversight bodies of the United Nations system and the internal oversight services of each organization. More broadly, the report would assess the capacity of existing oversight mechanisms to deal with major risks that may arise in the United Nations system.

2. This report builds on previous JIU reports on accountability and oversight in United Nations system organizations, including an interim report in 1993 on the United Nations Secretariat, a system-wide report in 1995 that included detailed comparative data, a 1998 report that addressed the need for more coherence in the conduct of oversight in the United Nations system, a 2000 report on strengthening the investigations function in United Nations system organizations, and a 2001 report on enhancing the governance oversight role.[2]

3. The JIU standard methodology of desk reviews, detailed questionnaires, system-wide interviews, and in-depth analysis has been followed for this report. The Inspectors consulted with their oversight colleagues in the United Nations system, and also sought the views of internationally recognized oversight professionals in the private sector. The objective of this extensive analytical process was not only to identify gaps, shortcomings and inconsistencies in oversight provision in the United Nations system, but also best practices in both the public and private sectors. Definitions and explanations of the JIU suggested standards for the components of oversight used for the purposes of this report can be found in annex I. The comparative analysis in the context of the JIU suggested standards[3] is contained in annexes II–IX, which provide details on an organization-by-organization basis and are largely self-explanatory. The Inspectors would like to thank all those who so willingly contributed their time and expertise to this important endeavour.

I. Oversight: the primary role of Member States

4. Member States have the responsibility for oversight in the organizations of the United Nations system and delegate some authority for oversight to the secretariats of the organizations and some to the external oversight bodies. Oversight is an integral part of the system of governance established by Member States within the United Nations system to provide them with assurance that:

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[1] *Official Records of the General Assembly, Sixtieth Session, Supplement No. 34* (A/60/34), Report of the Joint Inspection Unit for 2004 and programme of work for 2005, para. 38.

[2] JIU/REP/93/5 (A/48/420); JIU/REP/95/2, parts I and II (A/50/503 and A/50/503/Add.1); JIU/REP/98/2 (A/53/171); JIU/REP/2000/9 (A/56/282); JIU/REP/2001/4 (A/57/58).

[3] Some organizations may have adopted, or may wish to adopt, additional standards.

- The activities of the organizations are fully in accordance with legislative mandates
- The funds provided to the organizations are fully accounted for
- The activities of the organizations are conducted in the most efficient and effective manner
- The staff and all other officials of the organizations adhere to the highest standards of professionalism, integrity and ethics.

5. In addition, the Charter of the United Nations provides for system-wide oversight – mainly by the Economic and Social Council and the General Assembly – with a view to avoiding programmatic overlap and duplication and the concomitant waste of resources.

6. Member States have to balance their need for assurance with the costs of providing such assurance. The higher the level of assurance, the greater the cost. Reasonable assurance is generally considered to be the goal of oversight functions, with reasonableness defined by reference to a risk assessment conducted for each organization. On this basis, Member States can determine the level of assurance that they wish to obtain as a result of the activities of the oversight bodies, which in turn would enable them to fulfil their oversight responsibilities. Member States must be aware of the need to maintain the appropriate balance between external and internal oversight mechanisms in order to discharge their own oversight functions effectively.

II. The current oversight structure of the United Nations system

A. External system-wide oversight mechanisms[4]

7. The external bodies play a fundamental role in advising and assisting the legislative organs to discharge their oversight responsibilities. A distinction can be made between "operational" and "policy/review" oversight mechanisms in respect of both methodologies used and the relative positioning in the final decision-making process.[5] Among the external system-wide oversight bodies that assist Member States in their oversight responsibilities, the United Nations Board of Auditors (BOA), the external auditors of the specialized agencies and the International Atomic Energy Agency (IAEA) and JIU are operational oversight mechanisms, while the Advisory Committee on Administrative and Budgetary Questions (ACABQ), the Committee for Programme and Coordination (CPC) and the International Civil Service Commission (ICSC) are policy/review oversight mechanisms.

8. The Board, comprising three Auditors-General of Member States appointed by the General Assembly, provides external audit functions for the United Nations and its funds and programmes, with the exception of the World Food Programme (WFP), which has its own

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[4] For a more detailed review see JIU/REP/95/2, part I, chap. VII. See also General Assembly decisions 47/454 of 23 December 1992 and 48/493 of 29 July 1994, and A/55/270, para. 40.

[5] "Operational" oversight mechanisms tend to base their analyses and reports on primary data, while "policy/review" oversight mechanisms largely use data collected, analysed and prepared by other organizations, to which they add their own examination and analysis. Furthermore, "operational" oversight mechanisms are typically located at the start of the final decision-making process, while "policy/review" oversight mechanisms tend to be closer to the end of the process. See JIU/REP/98/2, paras. 5–6.

external auditor. The three members of BOA have joint responsibility for the external audit and report to the General Assembly through ACABQ. The Board is mandated to express an opinion on the financial statements and "may make observations with respect to the efficiency of the financial procedures, the accounting system, and the internal financial controls and, in general, the administration and management of the organization".[6] The governing bodies of each of the specialized agencies and IAEA also appoint an Auditor-General to perform external audit functions.

9. The Panel of External Auditors was established by the General Assembly in 1959. The Panel comprises the members of BOA and the appointed external auditors of the specialized agencies and IAEA; it meets at least annually. The purpose of the Panel is to further the coordination of the audits for which its members are responsible and to exchange information on methods and findings. It also promotes best accounting and auditing practice in the United Nations system.

10. JIU is composed of 11 Inspectors with the broadest powers of investigation into all matters bearing on the efficiency of services and the proper use of funds in the organizations of the United Nations system. The Unit seeks to improve management, methods and coordination between organizations, through inspection, evaluation and investigation. The Inspectors are appointed by the General Assembly on the basis of their experience in national or international administrative and financial matters, including management questions, and with due regard to the principle of equitable geographical distribution. They serve in their personal capacity.

11. ACABQ is mandated to examine and report to the General Assembly on the proposed programme budget of the United Nations, advises on any administrative and budgetary matters referred to it, including the financing of peacekeeping operations and extrabudgetary activities, and considers and reports on the auditors' reports on the accounts of the United Nations and the specialized agencies, as well as the reports of the other oversight bodies. It is also authorized to examine the administrative budgets of the specialized agencies and IAEA and proposals for financial arrangements with such agencies. ACABQ is composed of 16 members, at least three of whom are to be financial experts of recognized standing, appointed by the General Assembly on the basis of broad geographical representation, personal qualifications and experience, and serving in their individual capacities.[7]

12. CPC is the main subsidiary body of the Economic and Social Council and the General Assembly for planning, programming and coordination. It reviews the programmes of the United Nations and assists the Economic and Social Council in its coordination functions, including in respect of the programmes and activities of the agencies of the United Nations system, system-wide coherence and coordination, and the implementation of important legislative decisions. Its conclusions and recommendations play a key role in the adoption by the General Assembly of the United Nations programme budget. CPC has 34 members elected on the basis of equitable geographical representation.

13. ICSC is an independent expert body that is mandated to regulate and coordinate the conditions of service of staff in the United Nations common system. On some matters the Commission itself may take decisions, while in other areas it makes recommendations to the General Assembly. The Commission is composed of 15 members who are appointed by the General Assembly with due regard for broad geographical representation, and who serve in their personal capacities.

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[6] "Scope of audit" (www.unsystem.org/auditors).

[7] Rule 155 of the rules of procedure of the General Assembly.

B. Internal oversight mechanisms

14. The primary objective of internal oversight mechanisms is to assist the executive heads in fulfilling their management responsibilities by providing advice on the adequacy of internal controls and management practices based on a systematic and independent review of the operations of the entire organization. These mechanisms exist to strengthen the overall oversight structure of the United Nations system and assist Member States in their oversight responsibilities (see paragraph 4 above).

15. Internal auditing has a long history in the United Nations system; many internal audit units were created in the late 1940s and the 1950s when their respective organizations were founded.[8] Internal evaluation units were not generally established until the 1980s and 1990s, while inspection and investigation units remain few in number. In many organizations, the audit function is synonymous with the inspection function (annex I).

16. In the United Nations, the various oversight functions were consolidated and strengthened in 1994 when the Office of Internal Oversight Services (OIOS) was established by General Assembly resolution 48/218 B. OIOS provides internal auditing, investigation, inspection, programme monitoring, evaluation and consulting services to all United Nations activities under the authority of the Secretary-General: the secretariats in New York, Geneva, Nairobi and Vienna, the five regional commissions, and peacekeeping missions, the international tribunals, humanitarian operations and other entities in various parts of the world. It also provides assistance to funds and programmes administered separately under the authority of the Secretary-General at their request. In some other organizations of the United Nations system, internal oversight functions have similarly been consolidated in a single unit under a head of oversight services reporting directly to the executive head, while in others the structure remains fragmented (annex I).

C. Coordination and cooperation

17. The external and internal oversight mechanisms outlined above are the component parts of the overall structure of oversight in the United Nations system. With their complementary mandates, these mechanisms can provide all of the oversight services that the United Nations system requires, providing that there is effective coordination and cooperation between them to avoid duplication and ensure synergy, and adequate supervision by Member States (see paragraphs 20–24 below). There are several forums in which such coordination and cooperation takes place, notably the:

- Tripartite Oversight Coordination Meeting between BOA, JIU and OIOS
- Annual meetings of representatives of the internal audit services of United Nations organizations and multilateral financial institutions (RIAS).
- Annual conference of investigators of United Nations organizations and multilateral financial institutions
- United Nations Evaluation Group (UNEG).

[8] JIU/REP/95/2, part I, chap. II.

In addition, informal meetings and contacts take place, as well as bilateral cooperation, such as between IEU and OIOS in the preparation of reports that have clear complementarities in areas of common concern, and between OIOS and BOA which hold meetings on a bimonthly basis.

III. Deficiencies in the system of oversight

18. The Inspectors have concluded that there is nothing intrinsically deficient with either the design or the mandates of the overall system of oversight in the United Nations system. These cover all the areas that are required, and effective mechanisms have been put in place to ensure synergies and avoid duplication of effort.

19. The Inspectors do recognize that no system is perfect, and that important issues remain, particularly with the level and type of resources, working practices and independence, which must still be addressed. They believe the answer lies not in an ad hoc or piecemeal approach; rather, Member States should step back and take stock of the oversight system as a whole, identify the problems and the opportunities, and act in a coordinated manner to address the problems across the system. The recommendations that follow are designed to assist Member States to deal with these issues.

A. Oversight boards

20. In their consultations with private-sector oversight professionals, the Inspectors discussed at some length the role of the audit/oversight committee in the private sector and its potential application in the public sector, including in international organizations. Against the background of recent private-sector corporate financial scandals, and the corporate governance reforms that have followed, the role of such committees has assumed a new importance. A recent study of the effectiveness of audit committees suggests that their role is expanding.[9] Not only are they expected to oversee the transparency of corporate financial statements, risk management and internal control, but they are also tasked to play a central role in compliance and ethics, to oversee management and internal audit, take ownership of the relationship with the external auditors, and undertake special investigations.

21. Oversight/audit committees or boards have already been established in some organizations of the United Nations system, with varying compositions, mandates and terms of reference, as can be seen in annex II. For the most part, these committees are internal to the organization in the sense that the majority of the members are senior managers in the organization, and the purpose of the committee is to advise the executive head on a range of oversight matters. The Inspectors believe the creation of internal oversight committees can lead to duplication of responsibilities that properly belong to the head of internal oversight in each organization. There is also potential conflict of interest in the composition of such committees. Furthermore, the lack of representation of Member States, who are the primary stakeholders, is a serious issue.

[9] *Audit Committee Effectiveness — What Works Best*, 3rd ed., prepared by PricewaterhouseCoopers and sponsored by the Institute of Internal Auditors Research Foundation (2005).

22. A few organizations have established – or are in the process of establishing – external oversight committees, with the membership determined by Member States. The external oversight committee/board is more akin to the private-sector audit committee outlined above, and the Inspectors believe that this is a model that could be adopted by each organization of the United Nations system.

23. The proposed "oversight board" should be established in accordance with the governing structure of each organization. To maximize its effectiveness, the Inspectors believe its composition should be kept at a reasonable level and therefore suggest that it be limited to no more than five to seven members, proposed by the Member States' regional groupings, and elected in their individual capacities by the governing body to represent the collective interests of all Member States. They should have prior experience in areas of oversight. The Inspectors believe it should be assisted by at least one external adviser with recognized expertise in oversight matters. Senior managers of the organization should not be considered members of the oversight board but would be invited to attend its meetings, as appropriate. The oversight board would meet at least once every quarter, and would submit a report, including recommendations as appropriate, to the governing body concerned at least once a year. The main advantages of the external oversight board would lie in its independence and expertise. Its members would not receive remuneration from the organizations for their services, only, where appropriate, travel and per diem for required attendance at meetings, thus reinforcing its independence. The secretarial servicing of the oversight boards should be provided by the existing internal resources of each organization, with no additional budgetary appropriations.

24. The functions of the external oversight board in each organization would include the review of the audited financial statements, risk assessment and internal controls. It would also evaluate the overall efficiency and effectiveness of the external auditor and the internal oversight service, and review their proposed fees/terms or budgets.

Recommendation 1

The legislative bodies of each United Nations system organization should establish an independent external oversight board composed of five to seven members, all of whom shall be elected by Member States to represent the governing bodies' collective interests. They should have prior experience in areas of oversight. In carrying out their functions, they should be assisted by at least one external adviser with recognized expertise in oversight matters to be chosen by them.

B. Deficiencies in external oversight

1. *No individual or collective accountability*

25. In the context of the 2004 internal review by JIU of its statute and working methods, the Inspectors recognized that, beyond the governing bodies, there was no provision for the systematic oversight of their own activities or those of the elected officials of other United Nations system oversight bodies. The question of "who is watching the watchers?" has thus been a major focus of the discussions in the extensive system-wide interviews for this report, and it has been generally agreed that effective individual or collective accountability of elected and appointed members in United Nations external oversight bodies is largely absent.

26. There are no simple solutions to this oversight lacuna. However, the Inspectors have concluded that, as an initial step to improve accountability, the external oversight bodies should

be subject to peer review. The functioning of these bodies, as well as the individual and collective accountability of their members, would be reviewed on a periodic basis to assure Member States that the oversight mechanisms themselves are working. Committees, as such, are not accountable, but their members are; they must be held responsible for their participation, especially since the funds of the organizations are being expended for this purpose.

Recommendation 2

The General Assembly should decide that ACABQ, ICSC and JIU should be subject to peer review at least every five years. Modalities for the peer review should be developed by the bodies concerned.

2. *No financial independence*

27. The Inspectors are firmly of the view that the budget proposals of the external oversight bodies should not be subject to scrutiny by the entities which are the object of their oversight, but instead should be reviewed by ACABQ or the external oversight boards concerned, as appropriate, and approved by Member States.

Recommendation 3

(a) The General Assembly should decide that:

(i) The budget proposals for ICSC and JIU should be drawn up by the entities themselves, and incorporated as such into the Secretary-General's budget estimates to be submitted through ACABQ to the General Assembly for review and approval;

(ii) The budget proposals for ACABQ should be drawn up by the Committee itself, and incorporated as such into the Secretary-General's budget estimates to be submitted to the General Assembly for review and approval;

(b) The legislative bodies should decide that the proposed fees and terms of engagement of the external auditors should be submitted to the respective governing body through the external oversight board of each organization.

28. The Inspectors are also firmly of the view that the provision in the statutes of some oversight bodies that restricts employment during and after their terms of office should be extended to all the external oversight bodies.[10] This provision is designed to avoid conflicts of interest that may otherwise arise, and is an important aspect of the current concern to improve integrity and ethics in the United Nations system. It is understood, as well, that elected officials who receive salaries or emoluments from the United Nations, i.e. JIU Inspectors, the Chairman of ACABQ, and the Chairman and Vice-Chairman of ICSC, should not accept any other employment or service, personal or salaried, while serving as elected officials. The Inspectors also believe that, in order to avoid conflicts of interest and promote reasonable rotation, term limits should be established for the external auditors such as those established for BOA, i.e. a six-year non-renewable term.

Recommendation 4

The legislative bodies should decide that the members of ACABQ, ICSC and JIU and other similar bodies within the United Nations system be subject to a uniform regime barring them from any appointment, including as a consultant, in the United Nations system

[10] Art. 15 of the JIU statute; art. 6 of the ICSC statute.

organizations for which they have had oversight responsibilities both during their service and within three years of ceasing that service.

Recommendation 5

The legislative bodies should direct that term limits be established for the external auditors of the United Nations system organizations, and that the staff that have worked as external auditors be barred from taking up executive functions for a period of three years in those organizations for which they have had oversight responsibilities.

3. *Lack of investigative capacity in respect of executive heads and internal oversight heads*

29. Recent cases of alleged wrongdoing by officials from the highest echelons of the organizations have received intensive media coverage that has been very damaging to the reputation of the United Nations system. Most of the organizations are ill equipped to deal with such cases, and many indicated that there were no policies or procedures in place to handle these matters (annex III).

30. The Inspectors are of the view that an independent external body should oversee investigations of alleged wrongdoing by the executive heads and internal oversight heads of the United Nations system when these arise. As JIU is the only external oversight body of the United Nations system mandated to undertake investigations, it can assume this responsibility, and do so within existing resources.[11] Moreover, JIU does not report to the executive head of any organization and thus its independence in these matters would be assured. The external oversight boards of the organizations could call upon JIU to undertake such investigations as the need arose.

4. *Potential overlaps in the scope of the external and internal audits*

31. As noted in paragraph 8 above, the mandate of many external auditors of the organizations of the United Nations system extends beyond financial audit and the review of internal controls to include observations with respect to the efficiency of the administration and management of the organization. While the external auditors and the internal oversight services in each organization undoubtedly coordinate their respective audit workplans, the Inspectors are concerned that there might be some overlap in the scope of each. However, they are confident that this issue should be resolved with the establishment of an external oversight board in each organization.

C. Deficiencies in internal oversight

1. *Fragmentation of the internal oversight functions*

32. Internal oversight structures and arrangements vary widely in the organizations of the United Nations system and the single consolidated unit still tends to be the exception (annex I). While the audit, inspection and investigation functions may commonly be grouped together under one head who reports directly to the executive head, the evaluation function may be separate and its head is less likely to report directly.

33. The advantages of a single consolidated oversight unit reporting directly to the executive head were examined in some detail by JIU in its 1993 report on accountability and oversight in

[11] JIU statute, art. 5, para. 1, art. 6, para. 1, art. 8 and art. 9, paras. 1–2.

the United Nations Secretariat.[12] These included greater flexibility and responsiveness, less overlap and better coordination, significant economies of scale and enhanced professionalism. The direct reporting line would free the internal oversight unit from control or undue influence from managers within the organization, increasing its independence and credibility. Also, a consolidated unit could help to overcome both perceived and actual deficiencies in accountability.

34. The Inspectors reiterate that the consolidation of the oversight functions of audit, inspection, investigation and evaluation into a single unit under a head of oversight reporting directly to the executive head, should normally be standard practice (annex IV).[13] They have strong reservations, however, regarding the inclusion of management consulting services in this unit, as is the case in OIOS, believing that there is an inherent conflict of interest in both giving management advice and overseeing the managers who act on that advice. Conflict of interest arises too where the head of internal oversight also assumes line management responsibilities, as in the United Nations Industrial Development Organization (UNIDO) with information and communication technology services. The Inspectors are of the view that anything other than the four oversight functions should be positioned elsewhere in the organization, such as in the office of the executive head or in the division of administration.

Recommendation 6

Executive heads should review the current structure of internal oversight in their respective organizations and ensure that:

(a) Audit, inspection, investigation and evaluation functions are consolidated in a single unit under the head of internal oversight reporting directly to the executive head;

(b) Any functions other than the four oversight functions should be positioned elsewhere in the secretariats and not in the internal oversight unit.

2. *Lack of provision for the investigations function*

35. Concerns about the adequacy of the provision for the investigations function in United Nations system organizations led JIU to produce a report on the subject in 2000.[14] It found that there was a fragmentation of responsibility for the investigations function within the organizations, and that significant differences existed among the organizations regarding the location and lines of reporting for those units specifically mandated to conduct investigations. Among the requirements for investigations, the report identified the need for a clear mandate, including jurisdictions and authorities, operational independence, strong support from the executive head, and qualified investigators.

36. Reviewing the situation five years on, it is clear that problems remain. The Inspectors are particularly concerned that the majority of the organizations lack the capacity to conduct investigations, and that in many cases investigations continue to be conducted by staff whose main skills lie in other areas of oversight, and not by qualified and dedicated professional investigators (annex III and annex VIII). They note the recent proposal to strengthen significantly the investigative capacity of OIOS, and believe that this should provide adequate coverage for the United Nations. But the marked lacunae in the investigations capacities of some of the specialized

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[12] JIU/REP/93/5, chap. VI.

[13] The Inspectors recognize that, in the case of the evaluation function, some exceptions may need to be made for those project-oriented organizations requiring extensive evaluation skills; where exceptions are made, proper coordination is essential.

[14] JIU/REP/2000/9.

agencies remain to be addressed. The Inspectors believe that United Nations organizations with at least 700 staff members, including temporary staff, peacekeeping staff and national staff, should have a professional investigator in-house (see annex VIII). JIU plans to provide this service for those agencies not meeting that minimum number of staff.[15]

Recommendation 7

The legislative bodies of each United Nations system organization should direct their respective executive heads to:

(a) Review the capacity of the organization to conduct investigations and put forward proposals for the establishment of a minimum in-house capacity for investigations;

(b) Ensure that a minimum investigations capacity comprises qualified and experienced professional investigators who would not be subject to rotation within that organization;

(c) Ensure that investigations entities are authorized to initiate investigations without interference from senior management in the respective organizations;

(d) Ensure that independent reporting procedures for investigations are established (see recommendation 11 below).

3. *Lack of policies and procedures to encourage reporting of suspected wrongdoing*

37. Most of the organizations indicated that there was no formal policy in place to encourage the reporting of suspected wrongdoing, or to protect the confidentiality of whistle-blowers (annex III), which is a major cause for concern. In this regard, the Inspectors welcome the Secretary-General's recent administrative issuance, which provides comprehensive guidelines and procedures for reporting misconduct, and protection against retaliation for reporting such misconduct.[16] The Inspectors believe that similar guidelines and procedures need to be established in other United Nations system organizations.

Recommendation 8

The legislative bodies of each United Nations system organization should direct their respective executive heads to establish similar policies and procedures to those recently established by the United Nations to provide protection against retaliation for reporting misconduct, and these should be widely publicized.

4. *Lack of independence*

38. Separating the internal oversight functions from other functional areas in the organization and consolidating them in a single unit under an oversight head reporting to the executive head brings a necessary – but not sufficient – measure of independence. It is not sufficient because the budgetary requirements of the internal oversight unit remain the subject of scrutiny and control by managers in other functional areas such as budget and finance, and ultimately by the executive

[15] In the 2004-2005 biennium, the International Maritime Organization (IMO), the World Meteorological Organization (WMO), the World Tourism Organization (UNWTO) and the Universal Postal Union (UPU) all had below the minimum number of staff required by the JIU suggested standard for an in-house investigations function. Together, they have 925 staff members that could be appropriately serviced by one investigator at the Professional level (annex VIII).

[16] "Protection against retaliation for reporting misconduct and for cooperating with duly authorized audits or investigations" (ST/SGB/2005/21 of 19 December 2005).

head. In each organization, an independent mechanism should review the proposed budget and make recommendations to the governing body on the level of resources necessary for internal oversight. The external oversight board should perform this role.

39. There are other reasons why the internal oversight service should have a degree of operational and financial independence from the executive head. The handling of recent cases of alleged wrongdoing by officials from the highest echelons of some organizations has brought this issue sharply into focus and identified a major oversight lacuna. Direct access by the head of internal oversight to an independent, external oversight board is therefore considered to be essential (see paragraph 42 below).

Recommendation 9

The legislative bodies of each organization should decide that the proposed budget of the internal oversight entity should be drawn up by the entity itself and submitted to the external oversight board, together with any comments of the executive head, for review and transmittal to the appropriate governing body.

5. *Unsatisfactory procedures for the appointment of the internal oversight head*

40. The Inspectors have identified problems in the United Nations system with the procedures for appointing heads of internal oversight services (annex V). These include the absence of a competitive recruitment process, appointments being made by the executive head without prior consultations, lack of term limits, and the absence of restrictions on subsequent employment within the organization. Such practices can undermine the independence and effectiveness of the internal oversight head, and hence the function. There is also inadequate protection for the heads of internal oversight services against unfair dismissal or separation or redeployment by the executive head, which might also jeopardize the independence of the function.

Recommendation 10

With respect to the appointment of the head of internal oversight, the legislative bodies in each organization should decide that:

(a) Qualified candidates should be identified on the basis of a vacancy announcement that should be widely publicized;

(b) Appointment should be subject to consultation and prior consent of the governing body;

(c) Termination should be for just cause, and should be subject to the review and consent of the governing body;

(d) A non-renewable tenure of five to seven years should be established, with no expectation of any further employment within the same United Nations organization at the end of the term.

6. *Inadequate reporting modalities*

41. In many organizations the internal oversight head provides an annual summary report to the governing body that may include a list of the reports produced. If the executive head makes comments on the annual summary report, these would also be submitted to the governing body. In some organizations, Member States may have access to individual oversight reports on request.

though this does not generally extend to investigation reports (annex VI). The Inspectors note in this regard the recent General Assembly resolution that gives discretion to the head of OIOS to withhold an investigation report in certain circumstances.[17] The Inspectors have concluded that the results of investigations of misconduct, fraud and corruption should be provided to both the oversight board and an ethics office(r) (see paragraph 49 below). Having due regard to confidentiality, the ethics office(r) should disseminate a summary of the general content of investigation reports to all staff.

42. The Inspectors are of the view that the minimum standard for the reporting responsibilities of the internal oversight services of the United Nations system should encompass reporting to both the executive head and the oversight board of the organization. While the head of internal oversight should report to the executive head, he/she should also have unimpeded access to the external oversight board, including in instances where disagreements arise with the executive head (see also paragraph 39 above). The oversight board would report at least annually to the governing body.

Recommendation 11

The legislative bodies in each organization should direct their respective executive heads to ensure that the following minimum standards are in place for reporting on internal oversight:

(a) Internal oversight reports to be submitted to the executive head;

(b) An annual internal oversight summary report to be submitted independently to the oversight board for its review, with the comments of the executive head submitted separately;

(c) Individual internal audit, inspection and evaluation reports to be provided to the oversight board, on request;

(d) Individual investigation reports to be provided to the oversight board, on request, with due safeguards for confidentiality.

7. *Inadequate follow-up to internal oversight recommendations*

43. While there are procedures in place in the organizations for the tracking and follow-up of external and internal oversight recommendations, the Inspectors are of the view that such procedures need to be strengthened to ensure the fullest impact of the oversight services (annex IV). Follow-up procedures should adhere to the minimum standards listed in the recommendation below.

Recommendation 12

With respect to the follow-up of oversight recommendations, the legislative bodies in each organization should direct their respective executive heads to ensure that:

(a) A database is created to monitor the follow-up of all oversight recommendations, and pending recommendations are monitored and followed up on a timely basis;

[17] Resolution 59/272, para. 2.

(b) The annual internal oversight summary report to the oversight board contains a summary of oversight recommendations not yet fully implemented.

8. *Lack of review of the performance of most internal oversight functions*

44. The Inspectors found that the performance of the internal oversight entities in United Nations system organizations was not being systematically appraised (annex IV). The question of "who is watching the watchers?", raised in paragraph 25 above, applies equally to the internal oversight functions, and there are serious accountability issues to be addressed. There is a clear need for periodic independent assessment of the performance of the internal oversight entities, and the Inspectors are of the view that this could be done through peer review.

Recommendation 13

The legislative bodies in each organization should direct their respective executive heads to ensure independent quality assessment, for example through peer review, of the internal oversight entity, at least once every five years.

9. *Inadequate resources*

45. There are wide variations in the budgetary and staffing provision for internal oversight in the organizations of the United Nations system. For the 2004–2005 biennium, the level of the internal oversight budget in relation to the total budget in each organization ranges from 0.99 per cent of the total budget down to 0.13 per cent (annex VII). The total number of internal oversight Professional staff ranges from 135 down to less than one, while the resources managed per auditor range from US$ 28 million up to US$ 272 million (annex VIII). In organizations that have investigators, the number of staff members per investigator ranges from 896 to 9,346. Finally, resources managed per evaluator range from US$ 70 million to US$ 497 million.

46. The Inspectors are concerned that many of the oversight posts are vacant and that there are significant lags in filling the positions. This, coupled with significant budgetary shortfalls in oversight in some organizations, suggests that there must be a much higher level of commitment by both executive heads and Member States to the oversight function.

47. The Inspectors consider that provision for internal oversight is inadequate in many organizations in the system, and would propose minimum standards for the budget and staffing that take account of the differences between headquarters and field-based organizations. For those organizations that manage biennial resources of at least US$ 250 million, an internal oversight unit can be justified, which should be staffed with three audit professionals at a minimum. For those organizations that manage biennial resources of less than US$ 250 million, a dedicated unit cannot be justified and internal oversight services should be in-sourced to any other organization in the United Nations system that has the capacity to respond.

48. The Inspectors reviewed the United Nations, its funds and programmes, and the specialized agencies – 19 secretariats in all. Of these, 11 appear to be underinvesting in the area of oversight in general (see annex VII). Of great concern to the Inspectors is the fact that six of them do not have any investigative capacity, and another 11 seem to have insufficient capacity (see annex III). Deficiencies also exist in the areas of coordination of functions, follow-up systems, quality controls, selection of heads of internal oversight units, and reporting lines and responsibilities (see annexes IV to VI). There is a summary of staffing for audit, investigation and evaluation in

annex VIII, and annex IX is designed to give an idea of the state of the accountability framework of each secretariat.

Recommendation 14

The legislative bodies in each organization should adopt the following standards in respect of internal oversight:

(a) For those organizations that manage biennial resources of at least US$ 250 million, an internal oversight unit is justified;

(b) For those organizations that manage biennial resources of less than US$ 250 million, internal oversight services should be in-sourced to any other organization in the United Nations system that has the capacity to respond.

10. *Lack of policies and procedures in respect of integrity and ethics*

49. Recent revelations concerning unethical behaviour and corrupt practices in United Nations system organizations have underlined the need for policies and practices that address integrity and ethics. While many organizations have developed formal codes of conduct for their staff in recent years, the Inspectors believe that existing mechanisms in this area do not go far enough in most organizations (annex IX). They propose that a formal ethics function be established in each organization to develop policies and procedures and oversee the application of minimum acceptable standards of behaviour. In this regard, the Inspectors welcome the recent establishment of an Ethics Office in the United Nations Secretariat, reporting directly to the Secretary-General, and tasked with fostering a culture of ethics, transparency and accountability. The Ethics Office will, inter alia, administer the financial disclosure programme and provide confidential advice and guidance to staff on ethics issues.[18] The Inspectors propose that a similar function be created in each organization. This function should be headed at the D-1 or P-5 level, depending on the size and structure of the organization and the number of staff to be covered. In the smaller organizations, it could be a dual-function post. The executive head of each organization would address all staff on an annual basis, reinforcing his/her commitment to and support for an organization free from corruption and unethical behaviour. The website of each organization would contain the policies in effect, as well as the code of conduct. The Inspectors are also of the opinion that any reports of the Ethics Office(r) should be made available to the oversight board.

Recommendation 15

The legislative bodies in each organization should direct their respective executive heads to put forward proposals for the:

(a) Establishment of an ethics function with clear terms of reference which should be publicized through the organization's website and other media;

(b) Establishment of a post of ethics officer at the D-1/P-5 level, as appropriate, within the office of the executive head;

(c) Mandatory integrity and ethics training for all staff, particularly newly recruited staff.

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[18] ST/SGB/2005/22 of 30 December 2005.

50. The Inspectors are particularly concerned about the inadequacy – or absence – of financial disclosure provisions for senior managers and procurement officials in United Nations system organizations (annex IX). Confidential financial disclosure statements should be obligatory for all elected officials, all staff at the D-1 level and above, all staff members whose main duties are the procurement of goods and services or the investment of financial assets, and all Professional-level oversight staff. Their financial disclosure statements should be reviewed by the ethics office(r).

Recommendation 16

The legislative bodies in each organization should direct their respective executive heads to put forward proposals for the:

(a) Establishment of confidential financial disclosure requirements for all elected officials and all staff at the D-1 level and above, as well as those staff mentioned in paragraph 50 above;

(b) Annual filing of the financial disclosure statements to the ethics office(r) for review.

D. Deficiencies in coordination

51. As noted in paragraph 17 above, the external and internal oversight mechanisms can provide all of the oversight services that the United Nations system requires, as long as there is effective coordination and cooperation between them to avoid duplication and ensure synergy. The Inspectors are of the view that such coordination and cooperation should be enhanced through annual meetings of the chairpersons of the external oversight boards. It is important that the experience of the individual oversight boards be shared to determine best practices for achieving efficiency and effectiveness in the oversight functions. The Inspectors would encourage the oversight boards to develop a cost-effective mechanism for this purpose.

Recommendation 17

The legislative bodies of each United Nations system organization should direct their respective oversight boards to establish an effective mechanism for coordination and cooperation among the external and internal oversight bodies on a system-wide basis.

IV. The challenge for Member States

52. The Inspectors are of the view that it is critical that Member States exercise fully their oversight responsibilities. Their domestic publics deserve United Nations organizations that are efficient, cost-effective and transparent. They have entrusted the governing bodies with the oversight of the budgets and management of the organizations. If the domestic publics do not believe that adequate safeguards are in place, confidence and support for the organizations may be lost.

Annex I

Explanation of the Joint Inspection Unit suggested standards and ranges

The Inspectors have verified that in both the private and public sectors there are no established qualitative or quantitative standards for audit, investigation and evaluation functions. However, based on best practices in the private sector, the public sector and the United Nations system, the Inspectors have formulated broad standards and ranges in the annexes, which can guide Member States and executive heads in determining the adequacy or inadequacy of the mandates and resources allocated to the oversight functions within the various United Nations system organizations.

The Inspectors wish to point out that the fact that an organization may fall outside the Joint Inspection Unit (JIU) suggested standards or ranges does not necessarily mean that changes in mandates or in oversight resources allocated are required. However, it would highlight the fact that mandates and/or resources fall outside average parameters established, and that therefore there is a need for a review to ascertain their adequacy to the particular needs of that organization.

Moreover, this review did not include a judgement on the efficiency with which the various United Nations system oversight units operate. This task will be accomplished by the suggested periodic peer reviews (see recommendation 13).

A. For the general standards suggested in the following annexes, the criteria established were based on:

- Literature on the subject where available
- Various reports submitted to the General Assembly and the governing body of the respective organization
- Best practices in the internal oversight mechanisms of the United Nations system organizations
- Discussions with the staff of United Nations system oversight bodies
- Discussions with internationally renowned private-sector oversight companies in respect of practices in that sector.

B. For specific standards:

Minimum requirements to set up an oversight unit (annex VII)

The suggested standard was established by determining the minimum skills requirements (three Professionals and adequate support staff) for an effective internal oversight unit. The cost of such a unit for a biennium is estimated at approximately US$ 2,128,000. This would require an organization to manage as a minimum US$ 2.50 million of total resources over a biennium to justify an internal oversight unit.[19]

Criteria for determining the range for number of auditors, investigators and evaluators (annex VIII)

Auditors

In addition to the criteria listed in section A above, the range of US$ 60 to US$ 110 million per auditor is based on a ratio of total resources managed taking into account headquarters and field responsibilities of the organizations.

Investigators

In addition to the criteria listed in section A above, as investigators deal with cases of negligence or wrongdoing by staff members, the suggested range of 700 to 1,500 staff employed per investigator relates to the number of staff in an organization rather than to the volume of total resources managed. It also takes into account the headquarters and field responsibilities of the organizations.

[19] Total resources managed equates to the budget of the organization plus voluntary contributions, trust funds, etc.

Evaluators

In addition to the criteria listed in section A above, the range of US$ 125 to US$ 250 million per evaluator is based on a ratio of total resources managed taking into account headquarters and field responsibilities of the organizations.

Annex I *(continued)*

1. Definitions[20]

1. **Oversight** is generally understood under the dictionary definition as bodies, units and processes that provide "supervision" and "watchful care" in an organization. Oversight mechanisms can be considered "operational", that is, they tend to base their analyses and reports on primary data, and generally use the reporting of other organizations mostly for background information. Those that are operational would include the various internal oversight mechanisms of the organizations — those performing audit, evaluation, inspection, monitoring, and investigation — and the following external oversight mechanisms: the United Nations Board of Auditors (BOA), the external auditors of the specialized agencies and the International Atomic Energy Agency (IAEA), and JIU. In contrast, the other oversight mechanisms, especially the Advisory Committee on Administrative and Budgetary Questions (ACABQ), the Committee for Programme and Coordination (CPC) and the International Civil Service Commission (ICSC), could be considered "review/policy" oversight mechanisms, since they use to a large extent data collected, analysed and prepared by other organizations, to which they add their own examination and analysis.

2. **Audit** is an independent activity to determine if there is an adequate and effective system of internal controls for providing reasonable assurance with respect to (a) integrity of financial and operational information, compliance with regulations, rules, policies and procedures in all operations, and safeguarding of assets; (b) the economic and efficient use of resources in operations and identifying opportunities for improvement in a dynamic and changing environment; and (c) the effectiveness of programme management for achieving stated objectives consistent with policies, plans and budgets.

(i) **Compliance audit** determines whether the application of rules etc. and the activities, financial transactions, and information — which are reflected or contained in the accounts or financial statements of an audited entity, or for which the audited entity is accountable — are in accordance with norms and standards for public-sector financial or other management (which includes the probity and propriety of administrative decisions); applicable laws and regulations; and budgetary laws, or parliamentary or other relevant budgetary or other decisions, and the intention and premise for the laws or decisions.

(ii) **Performance audit** (also known as value-for-money audit) evaluates whether an organization is effectively meeting its objectives, and using its resources economically and efficiently. Performance audit reports provide an independent assessment of an area of the organization's activity and seek to improve resource management and add value through recommendations for improving operations and procedures. Performance audits do not question the merits of the organization's policies. Rather, they examine the organization's management practices, controls and reporting systems based on its own public administration policies and on best practices.

(iii) **Management audit** reviews the general management policy and policymaking of a given institution.

3. **Investigation** is an independent inquiry into the conduct of, or action taken by, an individual or group of individuals or a situation or occurrence resulting from accident or force of nature. An investigation pursues reports of fraud, corruption and any other irregular activity, including misconduct, with a view to proposing corrective management and administrative measures, and, as appropriate, eventual prosecution or disciplinary measures. An investigation compares the subject under investigation to established criteria (e.g. rules and regulations, administrative instructions and codes of conduct).

4. **Inspection** is an independent, on-site review and appraisal of the operations of organizational units to determine the effectiveness of the performance operations and to assess their quality. An inspection compares processes, activities, projects and programmes to established criteria (e.g. applicable rules and

[20] Compiled from JIU/REP/95/2, JIU/REP/98/1, www.un.org/depts/oios, www.intosai.org (website of the International Organization of Supreme Audit Institutions).

regulations, internal administrative instructions, good operational practices of other units within or outside the organization concerned), and does so in view of the resources allocated to them.

5. **Evaluation** is an independent review that seeks to determine as systematically and objectively as possible the relevance, effectiveness and impact of an ongoing or completed programme, project or policy in the light of its objectives and accomplishments. It encompasses their design, implementation and results to provide information that is credible and useful, enabling the incorporation of lessons learned into both executive and legislative decision-making process.

6. **Monitoring** is a periodic assessment by programme/oversight managers of the progress in achieving the expected accomplishments and delivering the final outputs, in comparison with the commitments set out in the programme document approved by the governing body. It provides assurance that the implementation of a programme or project is proceeding as planned.

Annex I (*continued*)

2. Summary of structures for internal oversight

	COMPONENTS OF INTERNAL OVERSIGHT			
	AUDIT	**INVESTIGATION**	**INSPECTION**	**EVALUATION**
UNITED NATIONS, ITS FUNDS AND PROGRAMMES				
United Nations	Office of Internal Oversight Services (OIOS)			
UNDP	Office for Audit and Performance Review (OAPR)			Evaluation Office (EO)
UNFPA	Division for Oversight Services (DOS)	UNFPA/Dept. of Human Resources or OIOS or OAPR/UNDP	Division for Oversight Services	
UNICEF	Office of Internal Audit (OIA)			EO
UNHCR	OIOS	Inspector General's Office (IGO)		Evaluation and Policy Analysis Unit (EPAU)
WFP	Inspector General and Oversight Services Division (OSD)			Results Based Management Division (OEDR)
	Office of Internal Audit (OSDA)	Office of Inspections and Investigations (OSDI)		Office of Evaluation (OEDE)
SPECIALIZED AGENCIES AND IAEA				
ILO	Office of Internal Audit and Oversight (IAO)			Management and Administration Evaluation Unit
FAO	Office of the Inspector-General (OIG)			Evaluation Service
UNESCO	Internal Oversight Service (IOS)			
ICAO	Office for Programme Evaluation, Audit and Management Review (EAO)	No formal function	EAO	EAO
WHO	Internal Oversight Service (IOS)			
UPU	Internal Auditor			Internal Auditor Programme/Project Managers
ITU	Internal Auditor			Being established as part of RBM
WMO	Internal Audit and Investigation Service (IAIS)		No formal function	IAIS
IMO	Member State Audit and Internal Oversight Section (MSA & IOS)			
WIPO	Internal Audit and Oversight Division (IAOD)			
UNIDO	Office of the Comptroller General (OCG) Internal Audit Group (IAG)			Evaluation Group (EVG)
UNWTO				
IAEA	OIOS of IAEA			
ENTITIES COVERED BY OIOS AND OTHERS				
ITC	OIOS			Office of the Director
UN-Habitat	OIOS	Internal Investigation Panel	OIOS	Internal Evaluation Unit
UNODC	OIOS			Independent Evaluation Unit
UNEP	OIOS			Evaluation and Oversight Unit
UNITAR	OIOS			No unit recorded
UNU	OIOS			External experts
UNRWA	Audit Office			Programme managers
UNOPS	OAPR			Decentralized

Source: Based on table originally reproduced in JIU/REP/98/2, "More coherence for enhanced oversight in the United Nations system", updated as at February 2006.

[a] Also covered by OIOS of the United Nations for investigations.

Annex II

Oversight board

Organization	Establishment and mandate (including responsibility for oversight budget)	Composition	Periodicity of meetings	Comments
UNITED NATIONS, ITS FUNDS AND PROGRAMMES				
United Nations	The Secretary-General established an Oversight Committee (ST/SGB/2005/18) in September 2005 "to provide independent advice to the Secretary-General on all Secretariat activities relating to internal and external oversight and investigations, including internal controls and monitoring of corrective actions recommended by internal and external auditors". The Secretary-General in November 2005 proposed to the General Assembly the establishment of an independent audit advisory committee, in an expert advisory capacity to the Assembly to help the General Assembly better exercise governance responsibilities with respect to the various operations of the United Nations.	The chairperson and the two members are senior officials with the rank of Assistant Secretary-General (ASG) and above, plus an external member. The Under-Secretary-General for Management is an ex officio member. The Committee will be composed of five to seven members, independent of the United Nations Secretariat and the Member States. Candidate members will be nominated by the Secretary-General and approved by the General Assembly. The Committee membership should reflect a broad geographical distribution and include a balance of representation with public and private sector experience.	Not less than every calendar quarter. At least four times a year.	Does not meet the JIU suggested standards.
UNDP	Management Review and Oversight Committee (MROC) established in 1996. The mandate is under review.	Chaired by the Associate Administrator; Directors of OAPR and EO are ex officio members; membership comprises four external members and three internal members.	Quarterly.	Does not meet the JIU suggested standards.
UNFPA	Oversight Committee established in January 2003 to ensure the effectiveness of the UNFPA accountability systems and processes. UNFPA is in the process of establishing an independent external Oversight Committee.	Chaired by the Executive Director, it is composed of senior managers in UNFPA, i.e. Deputy Executive Director (DED) Programme; DED Management; Director Div. Management Services; Director Div. Oversight Services; External member from sister United Nations system organization for discussion on audit matters.	Meetings held on a quarterly basis.	Does not meet the JIU suggested standards.
UNICEF	The UNICEF Internal Audit Committee was established in 1992, to review and follow up on the internal audit reports and to ensure appropriate preventive and corrective action. The Evaluation Committee established by the Executive Director in October 2002 was to review the evaluation reports and endorse their recommendations and follow up on their implementation.	Chaired by DED (Operations); the members include DED/Programme; DED/External Relations; Comptroller; Director, Division of Personnel; Director, Internal Audit; Director, Evaluation Office; Director of Audit and Performance Review of UNDP as the external member. The core members of the Evaluation Committee are the Executive Director (Chairperson) or DEDs; Director Policy and Planning; Director Programme Division; Director Office of Emergency Programmes (EMOPS); Director of the Innocenti Research Centre; and Directors of Internal Audit and Evaluation.	The Internal Audit Committee will meet every quarter. The Evaluation Committee will meet at least three times a year.	Does not meet the JIU suggested standards.
UNHCR	The Oversight Committee was established in 1997 to	Deputy High Commissioner (Chairperson); Assistant High	Once every quarter.	Does not meet the JIU

	assist the High Commissioner in overseeing the financial and operational management of the agency, to monitor the independence and effectiveness of the internal oversight functions and to ensure that oversight findings and recommendations are adequately addressed.	Commissioner; Director, Department of International Protection; Controller and Director, Division of Financial and Supply Management; Director, Division of Human Resources Management; an external member. The Inspector General and the Chief of the UNHCR Audit Service attend the meetings on an ex officio basis.		suggested standards.
WFP	The Audit Committee has been in existence for the last 20 years and was reconstituted in June 2004, to assist the Executive Director in fulfilling his responsibilities for financial reporting, use of resources, internal control arrangements, risk management process and other audit related matters.	Executive Director appoints five members (three external and two staff members). An external member chairs the Committee. Term of office is two years, renewable once.	Normally at least four times a year.	Does not meet the JIU suggested standards.
SPECIALIZED AGENCIES AND IAEA				
ILO	The Programme, Finance and Administrative Committee of the governing body exercises oversight of performance and provides direction. There is no separate audit or oversight committee.			Does not meet the JIU suggested standards.
FAO	Audit Committee established in 2003 as an advisory panel to the Director-General and to the Office of the Inspector-General. Its aim is to assist the organization in gaining house-wide acceptance of the importance and value of the internal audit, inspection and investigation functions and provide the Director-General with assurance that these functions are operating effectively and efficiently. The Audit Committee reports to the Director-General, with copies to the Finance Committee. There is also an Evaluation Committee.	Composed of seven members. Five internal: Deputy Director-General (Chairperson), Assistant Director-General (ADG)/AE, Legal Counsel, second ADG, and the Inspector General (ex officio); two external. At the discretion of the chairperson the External Auditor may be invited to attend meetings. All members are appointed by the Director-General. External members are selected on the basis of their qualifications as senior audit and investigation professionals.	Three to four times a year.	Does not meet the JIU suggested standards.
UNESCO	The Oversight Committee functions as an advisory panel to the Director-General and IOS to gain house-wide acceptance of the importance and value of oversight and provides the Director-General with the assurance that the oversight function is operating efficiently and effectively. The Committee deals with strategic issues relating to oversight. Its responsibilities include assessing the adequacy of IOS resources.	The Committee is appointed by the Director-General and is composed of membership made up entirely of external members who are respected professionals. Currently there are five members, a former JIU Inspector (Chairperson), a former head of internal audit in both private/public sector, the former head of evaluation in the International Fund for Agricultural Development (IFAD), the head of evaluation and effectiveness in the Organisation for Economic Co-operation and Development (OECD) and the Special Assistant for Management to the Director-General of IAEA.	Three times a year.	Partially meets the JIU suggested standards.
ICAO	The Internal Audit Committee is advisory to the Secretary-General to identify work assignments and systems, and financial procurement control procedures that would benefit from an audit review; review the coverage and priorities of the annual Audit plan; study the implications and recommendations contained in the Annual Report of the Chief, IAO; prepare and submit to the Secretary-General any conclusions or recommendations relating to the audit plan and reports.	The Senior Management Group of ICAO acts as the de facto Audit Committee.		Does not meet the JIU suggested standards.
WHO	The Programme, Budget and Administrative Committee	The Committee is composed of 14 members selected from	Meets twice a year.	Does not meet the JIU

	(PBAC) established in May 2004 acts as the oversight board.	the WHO Executive Board.		suggested standards.
UPU	Internal Audit Committee established in October 2005 to assist the Director General in his oversight of the financial and operational management of the UPU International Bureau. In accordance with the provisions of the Charter of Internal Auditing, it is also called upon to ensure the independence of the Internal Auditor, take account of risk assessments, and follow up on the proposals and/or recommendations made by auditors.	Director of the Director General's Office, Strategic Planning and Communication (Chairperson); Director of Finance; Director of Human Resources. The Internal (and in some cases External) Auditor attends the meetings; the Internal Auditor serves as secretary.	At least once every six months.	Does not meet the JIU suggested standards.
ITU	No audit nor oversight committee.			Does not meet the JIU suggested standards.
WMO	The Audit Committee was established by the Executive Council in October 2005 to appraise the Executive Council of the Secretary-General's actions to maintain and operate appropriate and effective internal controls and to review, agree and approve the audit plans, arrangements for and reports of internal and external audit.	Nine members, six representing the member States and three financial experts proposed by the Secretary-General and approved by the President of WMO.	Three times a year.	Fully meets the JIU suggested standards.
IMO	No audit nor oversight committee.			Does not meet the JIU suggested standards.
WIPO	Audit Committee established by WIPO Assemblies in September 2005 to promote internal control; focus on assurance resources and to monitor audit performance. The Committee will submit regular reports and make recommendations to the Program and Budget Committee.	The Audit Committee has nine members: seven members nominated by member States and elected by the Program and Budget Committee (expertise and geographical distribution to be the guiding factor); one member to be a senior oversight professional in the United Nations system, and one similarly selected from outside the United Nations system.	In general, the Audit Committee will meet every quarter, keeping member States informed of its work on a regular basis.	Fully meets the JIU suggested standards.
UNIDO	Such a committee is not considered necessary in view of the well-functioning governance structure of the Organization and its size. The External Auditor also considered it unnecessary owing to the work of the UNIDO Programme and Budget Committee (PBC), which closely looks into the oversight and audit reports of the external auditors as well as the continuous informal dialogue between the secretariat and member States.			Does not meet the JIU suggested standards.
UNWTO				
IAEA	The need for a Review and Oversight Committee is being considered and draft terms of reference of the Committee are being prepared. The Agency's Programme and Budget is submitted to member States by the Director-General. It is discussed by the Programme and Budget Committee, which recommends its approval to the Board of Governors before submission to the General Conference. The budget and programme of the IAEA OIOS is included in the Director-General's proposal.			Does not meet the JIU suggested standards.

Suggested JIU standards:

(a) Established by the authority of the governing body;
(b) Five to seven members, all of whom represent the Member States, assisted by at least one external expert;
(c) Includes external members who are experts in oversight;
(d) Staff members of the organizations concerned invited to the oversight board meetings as appropriate;
(e) Meets at least once every quarter;
(f) Responsibilities include review of the internal oversight budget and making recommendations to the governing body.

Annex III

Investigations function

Organization	Capacity to handle complex/ multi-agency programmes?	Procedures to investigate the executive head, and the head of internal oversight? If so, by whom?	Policy for "whistle-blower protection"	Comments
UNITED NATIONS, ITS FUNDS AND PROGRAMMES				
United Nations	OIOS Investigation Division has the required capacity.	Regarding executive heads, the OIOS Investigation Division handles such cases in the normal course of its work. In the case of oversight staff, if it were an internal disciplinary matter it would be handled according to ST/AI/371. Anything else would be addressed through the USG/OIOS. No formal procedures for the latter.	The Secretary-General has recently promulgated a bulletin (ST/SGB/2005/21) relating to protection against retaliation for reporting misconduct and for cooperating with duly authorized audits or investigations. The objective is to enhance protection for individuals who report misconduct or cooperate with duly authorized audits or investigations.	Fully meets the JIU suggested standards.
UNDP	Investigation guidelines are in place. External assistance may be used. OIOS is mandated to support funds and programmes.	For the executive head, the Investigation Section, OAPR, will investigate and report to OLPS. External and independent persons will be hired either to do a quality assurance review of the investigation or the investigation itself. In the case of head of internal oversight, the case would be referred to either OHR or OIOS depending on the nature of the complaint.	No formal policy. However, anonymous complaints accepted; investigation guidelines make numerous references to confidentiality.	Partially meets JIU suggested standards.
UNFPA	Investigation Section OAPR/UNDP or OIOS is mandated to support funds and programmes.	Referral would be made to OIOS. Investigation of the conduct of a staff member of the Dept. of Oversight Services would be subject to the general procedures governing investigations.	No formal policy. Fraud Policy in Policies and Procedures Manual contains a confidentiality clause, although not specifically aimed at protection of whistle-blowers. A confidential hotline has recently been established.	Partially meets JIU suggested standards.
UNICEF	OIOS is mandated to support funds and programmes.	OIOS Investigation Division.	No formal policy.	Partially meets JIU suggested standards.
UNHCR	Complex investigation cases are handled either by IGO or the OIOS Investigation Division.	IGO refers to OIOS, as appropriate, possible cases of misconduct implicating senior staff of the Executive Office, including IGO. Currently there is no memorandum of understanding with OIOS relating to investigation support; however, discussions are under way to finalize such a memorandum with OIOS.	The comprehensive IOM/FOM relating to the role and functions and modus operandi of IGO provides adequate safeguards to maintain the confidentiality of any source that reports possible misconduct. Reprisals for reporting possible misconduct to IGO constitute misconduct.	Partially meets JIU suggested standards.
WFP	The Internal Investigation Unit has so far handled all investigations. OIOS is mandated to support funds and programmes.	In the case of officials up to deputy executive head level, the investigations are carried out by the internal investigation function and the report submitted to the Executive Director. In the case of the Executive Director, the Inspector General submits a report to the Secretary-General and the	A draft Whistle-blower Policy has been produced but is currently on hold pending the resolution of legal issues and the release of a similar policy being drafted for the United Nations system.	Partially meets JIU suggested standards.

		FAO Director-General. Alternatively, OIOS or the FAO Inspector General may be requested to carry out the investigation of a complaint against the Executive Director and report to the Secretary-General and the FAO Director-General. In the case of a complaint against a member of the oversight staff, the investigation function conducts the investigation and the Executive Director receives the report.		
SPECIALIZED AGENCIES AND IAEA				
ILO	The Office of Internal Audit and Oversight is mandated to carry out investigations. It has had to resort to outside support from a firm of professional auditors and accountants on one investigation, because of local conditions and a language barrier.	Executive head: needs clarification for all United Nations organizations. The External Auditors could be requested to undertake such an investigation. Oversight staff: due to possible conflicts of interest and to ensure impartiality, there should preferably be an arrangement for investigation by an outside body. Alternatively, Finance or the External Auditors could be requested to investigate the complaint.	Financial rule 14.30 (iii) provides that confidentiality will be respected at all times. No staff member who provides such information will be adversely affected, unless the information was wilfully provided with the knowledge that it was false or with intent to misinform.	Partially meets JIU suggested standards.
FAO	Investigations conducted by the Office of the Inspector-General. The Director-General may establish an Internal Investigatory Committee to advise him in relation to cases involving a staff member's conduct and activities.	Complaints against the Director-General could be investigated by the External Auditor, while complaints against the oversight head would require the Director-General's determination on how to address such complaints.	Administrative circular establishing that confidentiality will be respected by the Office of the Inspector-General and that no reprisal will be taken against staff members providing information.	Partially meets JIU suggested standards.
UNESCO	Resort to specialist expertise as required (say forensic accountants or experts in investigating moral harassment allegations).	Higher officials – by the External Auditor (if they have the capacity) or an independent team reporting directly to them to investigate such allegations. They should take advice from an "independent" oversight committee/board once one is established (one is planned in UNESCO). In the case of a complaint against oversight staff, this would be for the "independent" oversight board to advise and appoint an external investigator. The report would go to the Director-General.	No formal procedure exists but the identity of informant is protected.	Partially meets JIU suggested standards.
ICAO	ICAO will request the External Auditor or JIU to perform the investigations.	Depending on the nature of the complaint, the Council or a subordinate body of the Council could handle the issue. Support could be provided by the External Auditor or JIU as necessary. In the case of oversight staff, the Secretary-General and /or the Council could be involved.	There are no established procedures to receive complaints and ensure the confidentiality of the complaint and the complainant.	Partially meets JIU suggested standards.
WHO	WHO has investigator posts and has conducted a number of investigations. When the in-house capacity is insufficient, external sources are contracted.	The head of IOS has the authority to report to the Executive Board. The head of IOS will contact the Chairperson of the Executive Board and discuss with him or her on how to proceed. Maybe somebody external to WHO would do the investigation. WHO has not established any procedures to investigate the Director-General.	Whistle-blower protection is written into the WHO Financial Rules. Confidentiality clause in Fraud Prevention Policy.	Partially meets JIU suggested standards.
UPU	No complex investigation case handled.	No specific rules beyond the Charter of Internal	Charter of Internal Auditing states that the right of	Does not meet the

	up to now	Auditing	all staff to communicate confidentially with the internal auditor without fear of reprisal is guaranteed	JIU suggested standards
ITU	Investigations are part of the responsibilities of the Internal Auditor	No established policy.	No established policy	Does not meet the JIU suggested standards
WMO	The head of Internal Audit did one investigation	There is no framework. May request outside expertise	A general policy on confidentiality is not established at WMO.	Does not meet the JIU suggested standards
IMO	IMO has not had any complex investigation case. If a case arose, expertise which is not available in-house would be brought in for the specific purpose	Executive head: depending on the nature of the complaint, the Director of Administration will take the lead. Oversight staff: the Director of Administration would be mandated by the Secretary-General to undertake the investigation and report to him/her	IMO does not have policies on fraud and theft. Procedures for reporting, handling and investigating such cases are now under consideration	Does not meet the JIU suggested standards
WIPO	If sufficient expertise is not available within WIPO, independent external expertise will be brought in.	In the case of a complaint against the Director General it will be the responsibility of member States to examine the matter. In the case of a complaint against oversight staff, the Director General will determine the course of action	Relevant procedures are being developed	Does not meet the JIU suggested standards
UNIDO	The staff of the Oversight Office carry out all fact-finding exercises and investigations. Should it be considered necessary, for example due to the required competence not being available internally, an expert is recruited to work within OCG to provide support.	OCG is free to carry out any investigation and no restriction has ever been placed on the scope of its work. The External Auditor will also conduct investigations, depending on the nature of the allegations. In the case of oversight staff, depending on the nature of the allegations, a senior-level staff or an external expert could carry out the work. The report, under all circumstances, would go to the executive head	The assurance of confidentiality is contained in the OCG and OCG/Internal Audit Group charters. A formal whistle-blower protection policy, based on best practices and that recently introduced at United Nations Headquarters in New York, is under consideration for introduction in UNIDO.	Does not meet the JIU suggested standards
UNWTO				
IAEA	The IAEA Administrative Manual makes a provision for the Director, OIOS, to request the United Nations OIOS to conduct investigations if and when required	The Director General is not excluded from the scope of the audits conducted by the internal and external auditors. Investigation of all oversight staff can be undertaken by the United Nations OIOS or by other independent internal or external investigators appointed by the Director General and reporting to him	No whistle-blower policy	Partially meets JIU suggested standards

Suggested JIU standards:

Established capacity with qualified and experienced professionals that has:

(*a*) Procedures established for confidential reporting and their wider publicity;

(*b*) Adequate authority to initiate investigations without interference from the top management;

(*c*) Independent reporting procedures;

(*d*) Investigation professionals not subject to any rotation policy;

(*e*) Established policy for the protection of whistle-blowers.

Annex IV

Coordination of internal/external oversight functions and the follow-up mechanism

Organization	Coordination mechanism for internal oversight components/with the external oversight bodies	Follow-up to the internal oversight recommendations	Peer review of the internal oversight functions	Comments
UNITED NATIONS, ITS FUNDS AND PROGRAMMES				
United Nations	All components under the authority of the USG/OIOS. Internal coordination through the Office of the USG/OIOS. External coordination through the annual tri-partite meeting of OIOS, BOA and JIU.	OIOS submits semi-annual report on the implementation of the recommendations to the Secretary-General and the heads of the various departments. Twice a year, OIOS reports to the General Assembly on the status of implementation of recommendations.	Periodic review by BOA.	Fully meets the JIU suggested standards.
UNDP	Internal: Management Review and Oversight Committee (MROC) (equivalent to audit committee) meets quarterly. An oversight meeting is held on a biweekly basis by the Administrator and includes the Directors of OAPR and EO. External: planning, coordination and sharing of reports with other agency and United Nations oversight bodies are done on a case-by-case basis, e.g. OIOS, JIU.	OAPR monitors and reports on the implementation status of audit recommendations using web-based database – Comprehensive Audit and Recommendation Database System (CARDS). Annual report on follow-up on audit recommendations submitted by Administrator to the Executive Board and reviewed by MROC.	No formal internal system, however there is an ad hoc system of evaluation: annual review of OAPR by Board of Auditors.	Partially meets JIU suggested standards.
UNFPA	Internal: the Oversight Committee is the main coordinating mechanism. External: no formal coordinating mechanism.	Recommendations are tracked through a database (CARDS). DOS is considering the implementation of a comprehensive audit/evaluation database to enter and track findings and recommendations. Non-implementation of audit and Policy Application Review (PAR) recommendations are reported to the Oversight Committee chaired by the Executive Director. Non-implementation of thematic evaluation recommendations is reported to the Programme Committee.	The performance of DOS is measured using the annual Office Management Plan against organization-wide priority outputs and linked to specific outputs for DOS. The self-assessment of performance of the audit and evaluation elements of the oversight function is provided in the annual and biannual reports to the Executive Board.	Partially meets the JIU suggested standards.
UNICEF	Internal: OIA coordinates its activities with the Evaluation Office by sharing of internal audit reports. The Director of OIA is a member of the Evaluation Committee and the Director of the Evaluation Office is a member of the Audit Committee.	For evaluation, no formal procedures are in place. A tracking system is being set up and will be functional in 2006. OIA has established a database to track the disposition of each audit recommendation.	The Institute of Internal Auditors conducted an assessment of OIA in 2001-2002.	Partially meets the JIU suggested standards.

	External: there is no formal mechanism.	The database is accessible to all regional and headquarters Directors (who can add their comments) and several other selected senior officers at headquarters. The Audit Committee monitors implementation of audit recommendations through a status report on outstanding recommendations provided to it.	In January 2006, an independent panel will conduct a peer review of the evaluation function of UNICEF.	
UNHCR	Internal: the oversight committee is the main coordinating body for internal oversight. External: annual tripartite meeting of OIOS, BOA and JIU.	The status of audit recommendations implementation is regularly reported to the UNHCR Oversight Committee. Twice a year, OIOS reports to the General Assembly on the status of implementation of recommendations. IGO provides periodic reports to the Oversight Committee on the status of the implementation of the inspection recommendations.	Following the Institute of Internal Auditors (IIA) standards the UNHCR Audit Service conducted a self-assessment in 2005, which was subject to an external validation by UNICEF Internal Audit. The results were submitted to the UNHCR Oversight Committee in December 2005.	Partially meets the JIU suggested standards.
WFP	Internal: since both the internal audit function and the inspections and investigations function reside in the Oversight Services Division (OSD), coordination is ensured through participation in joint annual planning and a risk management exercise. Information-sharing meetings are held with the Office of Evaluation on a needs basis. External: Regular coordination meetings are held between the internal and external auditors.	Report to internal Audit Committee on quarterly basis and to the Executive Director on annual basis and to the Executive Board on biennial basis.	The performance of oversight services units are measured at three levels: – Key performance indicators (KPIs) for internal review. – Targets established for performance measurement against Management Plan; – External reviews of the oversight services. OSD has been reviewed by Bentley Jennisson, an audit firm in the United Kingdom through a benchmarking study and will be reviewed by IIA in 2006.	Partially meets the JIU suggested standards.
SPECIALIZED AGENCIES AND IAEA				
ILO	Internal: the audit, inspection and investigation component is under the same umbrella. It has been agreed between the new evaluation unit and IAO to share internal oversight reports. External: Internal Audit provides a copy of its biennial annual work programme to the External Auditor. Likewise the External Auditor informs Internal Audit of his/her planned visits to external offices.	Follow-up and reporting mechanisms established and annual reporting on the status of the recommendations to the governing body (PFAC). The Committee on Accountability examines cases of persistent failure on the part of an official to respect the recommendations of either the External or Internal Auditor which have been accepted by the Office, establish the facts, where necessary, and refer such cases to the unit responsible for disciplinary matters.	The External Auditor – in conjunction with his/her work for reporting on the financial statements of ILO – examines the effectiveness and reliability of the internal control system, of which internal audit forms part.	Partially meets the JIU suggested standards.

FAO	Internal: internal audit and investigations under OIG. Frequent liaison between OIG and Evaluation Service: shared workplans. External: frequent liaison between OIG and External Auditor including shared workplans.	All internal audit recommendations tracked in database and a follow-up exercise performed in June and December. Results of the follow-up are reported to the Director-General and the Finance Committee. Reports and statistics also presented to the Audit Committee.	The External Auditor undertook a review of the internal oversight functions in 2001.	Partially meets the JIU suggested standards
UNESCO	Internal: all components under the Internal Oversight Service (IOS). External: periodic meetings with the External Auditor.	IOS has a tracking system for both audit and evaluation reports. The status is reported to the Oversight Committee and in summarized form to the Executive Board.	A two-week self-assessment of the internal audit function. This will be subject to external validation in 2006 by IIA. A peer review of the evaluation function in January 2006 is proposed.	Partially meets the JIU suggested standards.
ICAO	Internal: EAO is a single unit. External: the External Auditor and Chief EAO meet on a regular basis to coordinate their activities.	A follow-up on the status of implementation of outstanding recommendations is performed by EAO twice a year. A summary of the status of implementation of outstanding recommendations is presented to the Secretary-General and to the Council at least once a year.	The External Auditor has reviewed the performance every 4-5 years.	Partially meets the JIU suggested standards.
WHO	Internal: regular contacts and periodic meetings with monitoring function. External: periodic meetings with the External Auditor.	IOS monitors the implementation of all its recommendations and verifies the reported implementation during subsequent visits.	The periodic Quality Assessment Review required by IIA standards has been scheduled for August 2006.	Partially meets the JIU suggested standards.
UPU	Internal: Internal Audit Committee is the coordination mechanism. External: regular communication with the External Auditor.	Recommendations are followed and the status of the recommendations is included in the annual report to the Council of Administration.	No self-assessment.	Partially meets the JIU suggested standards.
ITU	Internal: single oversight unit. External: Internal Auditor coordinates audit activities by cooperating and liaising with the External Auditor.	The Secretary-General ensures that all audit recommendations are responded to and implemented.	ITU External Auditors reviewed the functioning of the internal audit in 2002 and in 2005.	Partially meets the JIU suggested standards.
WMO	Internal: single oversight unit. External: meetings with the External Auditor.	IAIS maintains a database to follow up audit recommendations. Under the new set-up, the Audit Committee is to be informed regularly on the status of implementation by IAIS.	No peer review.	Partially meets the JIU suggested standards.
IMO	Internal: single oversight unit. External: MSA & IOS coordinates its plans and activities with the External Auditor.	MSA & IOS undertakes periodic follow-up audit of recommendations and a final report is submitted to the Secretary-General. The External Auditor verifies the implementation of the recommendations.	Periodic audit by the External Auditor.	Partially meets the JIU suggested standards.

WIPO	Internal: most components are grouped within IAOD. External: periodic meeting with the External Auditors.	Regular follow-up of the recommendations.	Recent review by JIU.	Partially meets the JIU suggested standards.
UNIDO	Internal: all internal oversight functions report to the Comptroller General who coordinates the work of the component units. External: work of OCG is coordinated internally and with the External Auditors.	Semi-annual report to the Director-General includes a status report on the implementation of the recommendations. The OCG annual report to the Industrial Development Board contains a summary of the recommendations made and their status.	Review is undertaken by the External Auditors.	Partially meets the JIU suggested standards.
UNWTO				
IAEA	Internal: all the components under the Director of OIOS. External: regular meeting with the External Auditor and sharing of the work programme.	Regular follow-up and a system of reporting on the status of implementation to the Director General.	Periodic reviews were undertaken by External Auditors; and a quality assurance review is planned.	Partially meets the JIU suggested standards.

Suggested JIU standards:

Coordination

(*a*) Consolidation of all oversight components under a single independent oversight body;
(*b*) Clear supervisory authority to the head of internal oversight body;
(*c*) Establishment of an independent external oversight board.

Follow-up to the recommendations

(*a*) Setting up of proper database for the recommendations;
(*b*) Semi-annual reminder to all line managers of the pending recommendations, with a copy to the executive head;
(*c*) Annual report to include a summary of the pending recommendations to the oversight board.

Peer review

(*a*) Establishment of key performance indicators for the internal oversight function and adoption of established professional standards;
(*b*) Independent verification or peer review of the adherence to the accepted standards, at least once in every five years.

Annex V

Heads of internal oversight

Organization	Selection procedures for the head of internal oversight unit	Consultation/approval by the governing body for appointment and removal	Term of office	Comments
UNITED NATIONS, ITS FUNDS AND PROGRAMMES				
United Nations	The Secretary-General appoints USG/OIOS on the basis of a widely circulated job profile to Member States, shortlist and interview.	Prior approval by the General Assembly is mandatory.	One non-renewable term for five years.	Fully meets the suggested JIU standards.
UNDP	UNDP Administrator appoints the heads of OAPR and EO based on external vacancy announcement.	No formal consultation made with governing body for approval or otherwise.	Renewable UNDP fixed-term contract and no limits on the renewal.	Does not meet the JIU suggested standards.
UNFPA	Selection of the head of DOS is made either through reassignment (managed internally) or through external recruitment.	No consultation with the Governing Board.	Renewable UNFPA fixed-term contract and no limits on the renewal.	Does not meet the JIU suggested standards.
UNICEF	The Directors of both the Office of Internal Audit and the Evaluation Office are selected according to normal staff member recruitment policies.	No consultation with the Governing Board. The Directors serve at the pleasure of the Executive Director and may be redeployed within UNICEF. The employment contract can be terminated any time at the discretion of the Executive Director.	According to the duration of the staff member in that post. The staff member may have a permanent or a fixed-term contract.	Does not meet the JIU suggested standards.
UNHCR	Chief of UNHCR Audit Services is appointed by USG/OIOS. The High Commissioner appoints the Inspector-General.	No approval by the Executive Committee for the Chief of Audit Services. The Inspector-General may be removed by the High Commissioner for just cause and with due process and exceptionally following consultations with the Executive Committee.	Renewable United Nations fixed-term contracts for Chief of UNHCR Audit Services. The Inspector-General is appointed for a non-renewable term no longer than five years. Preference would be given to individuals for whom the post would be their last assignment before retirement.	Does not meet the JIU suggested standards.
WFP	Selection through a competitive process of vacancy announcement and interview.	The Executive Board is informed of the appointment and dismissal.	Renewable WFP fixed-term contract and no limits on the renewal.	Partially meets the JIU suggested standards.
SPECIALIZED AGENCIES AND IAEA				
ILO	The Director-General through a vacancy announcement and selection appoints the Chief Internal Auditor. Chief of Evaluation is appointed internally.	Appointment and dismissal of the Chief Internal Auditor has to be endorsed by the governing body. No such procedures for the Chief of Evaluation.	Permanent contract.	Partially meets the JIU suggested standards.

FAO	The Director-General appoints the Inspector-General on the basis of a vacancy announcement, shortlist of candidates and interview.	Consultation with the Finance Committee before the appointment and termination of the Inspector-General of FAO.	Renewable FAO fixed-term contract and no limits on the renewal.	Partially meets the JIU suggested standards.
UNESCO	The Director-General appoints the Director of Internal Oversight Services through a competitive selection.	Consultation with the Executive Board.	Renewable UNESCO fixed-term contract and no limits on the renewal.	Partially meets the JIU suggested standards.
ICAO	Procedures for recruitment for all D-1 posts are specific in the ICAO Service Code. The Council in Decision C-DEC 149/12 specified geographical rotation as a criterion for the appointment to the post of Chief/EAO.	Approval of the President of the Council is required for appointment of posts at the D-1 and D-2 levels.	A fixed five-year term has been approved by the Council for the post.	Partially meets the JIU suggested standards.
WHO	The Director-General appoints a technically qualified head of IOS.	Appointment and termination require consultation with the Executive Board.	Renewable WHO fixed-term contract and no limits on the renewal.	Partially meets the JIU suggested standards.
UPU	The Director-General appoints the Internal Auditor.	Consultation with the Council of Administration prior to the appointment or termination of the Internal Auditor.	Renewable UPU fixed-term contract and no limits on the renewal.	Partially meets the JIU suggested standards.
ITU	Recruitment of head of Internal Audit follows the recruitment rules and procedures in accordance with the ITU Staff Regulations and Rules; same for dismissal.	No consultation or approval by the governing body.	Renewable ITU fixed-term contract and no limits on the renewal.	Does not meet the JIU suggested standards.
WMO	The Secretary-General appoints the Chief of IAIS through a competitive process.	Approval of the President of the WMO is required.	Renewable WMO fixed-term contract and no limits on the renewal.	Partially meets the JIU suggested standards.
IMO	The Secretary-General appoints the head of MSA & IOS.	Does not require consultation with and approval by the Council or Assembly.	Renewable IMO fixed-term contract and no limits on the renewal.	Does not meet the JIU suggested standards.
WIPO	The Director-General appoints the Chief of IAOD through a competitive process.	The advice of the WIPO Audit Committee and Coordination Committee are taken into account.	Fixed term of four years, renewable term for an additional term of four years. Non-eligible for any further employment at WIPO.	Partially meets the JIU suggested standards.
UNIDO	The Director-General appoints the Comptroller General. Appointment of all staff rests with the Director-General in accordance with the UNIDO constitution.	The Director-General may, at his/her discretion hold informal consultations with the member States. The Comptroller General may be prematurely removed for a valid cause after consultation with the Industrial Development Board.	The appoint of the Comptroller General is for a duration of 10 years, comprising two terms of five each; the duration of each appointment shall not run concurrently with the term of office of the Director-General.	Does not meet the JIU suggested standards.
UNWTO				
IAEA	The Director General appoints the Director of OIOS based on an external vacancy announcement and selection.	The Director General consults with members of the Board for appointment of posts in the higher levels (D-1 and above). This includes the post of Director, OIOS.	Initial fixed-term appointment for three years, extendable to five years. In exceptional cases it may be extended to seven years.	Partially meets the JIU suggested standards.

Suggested JIU standards:

(a) Selection on the basis of widely publicised vacancy announcement and competitive process;
(b) Appointment and removal with the prior consultation/approval of the governing body;
(c) Removal for just cause;
(d) Fixed tenure up to a maximum of five to seven years, with no expectation of any employment within the same agency at the end of the term.

Annex VI

Reporting responsibilities of the internal oversight bodies in the United Nations system

Organization	Reporting to whom?	Periodic reporting/review of the internal oversight reports and activities to/by the governing body	Comments
UNITED NATIONS, ITS FUNDS AND PROGRAMMES			
United Nations	USG/OIOS reports to the General Assembly, through the United Nations Secretary-General. OIOS reports are submitted directly to the General Assembly and the Secretary-General's comments are submitted in a separate report.	Summary report of OIOS activities is submitted annually to the General Assembly. OIOS also submits separate reports on specific issues to the Assembly. The reports are discussed by the Fifth Committee of the Assembly, CPC and the specialized intergovernmental bodies such as the Commission on Human Rights, executive bodies of relevant funds and programmes, and the regional economic commissions.	Meets the current standards, but does not fully meet the suggested JIU standards.
UNDP	OAPR and EO report to the UNDP Administrator.	Annual reports prepared by each oversight function are addressed from the Administrator to the Executive Board, presented by the Associate Administrator and published as Executive Board documents.	Partially meets the JIU suggested standards.
UNFPA	DOS reports to the Executive Director.	DOS issues an annual report on audit and oversight activities and a biannual report on evaluation activities, which are presented to the Executive Board.	Partially meets the JIU suggested standards.
UNICEF	OIA and EO report to the Executive Director.	OIA presents an independent annual report to the Executive Board. EO submits an annual report to the Executive Director.	Partially meets the JIU suggested standards.
UNHCR	The UNHCR Audit Service reports to USG/OIOS, whereas IGO reports to the High Commissioner.	An annual high-level summary report on internal audit is submitted to the Standing Committee and to the Executive Committee. This is also included in the OIOS annual report submitted to the General Assembly. IGO submits the full text of the inspection reports to the Executive Committee and to the staff.	Partially meets the JIU suggested standards.
WFP	The Oversight Division (OSD) reports to the Executive Director.	The Director, OSD, reports annually to the Executive Director and the Audit Committee and biennially to the Executive Board. The full Executive Board reviews the biennial report of the Inspector-General.	Partially meets the JIU suggested standards.
SPECIALIZED AGENCIES AND IAEA			
ILO	The Office of Internal Audit and Oversight (OIA) reports to the Director-General, as does the Evaluation Unit.	Only OIA submits an annual report summarizing the most significant findings and recommendations to the Governing Body, through the Director-General, with his/her comments. The report is reviewed by, and discussed at, the Programme, Financial, and Administrative Committee sitting of the Governing Body.	Partially meets the JIU suggested standards.

FAO	OIG reports to the Director-General.	The Inspector-General submits quarterly reports to the Director-General as well as an annual report on its activities. Copies of quarterly/annual reports are provided to the FAO Audit Committee with a list of all individual reports issued. At the discretion of the Inspector-General, any internal oversight report may be submitted to the Finance Committee, together with the Director-General's comments thereon, and be made available to other interested member States.	Partially meets the JIU suggested standards.
UNESCO	The Internal Oversight Service reports to the Director-General.	An annual accountability report is provided to the Director-General summarizing significant oversight findings, recommendations and action taken in response. This unchanged report is made available to Executive Board members and permanent delegates.	Partially meets the JIU suggested standards.
ICAO	EAO reports to the Secretary General.	An annual Performance Assessment Report is presented to the Council summarizing the findings of EAO activities for the year.	Partially meets the JIU suggested standards.
WHO	IOS reports to the Director-General. The head of IOS may, at his/her request, report to the Executive Board.	IOS submits a summary report annually to the Director-General. This report is submitted to the World Health Assembly together with comments deemed necessary.	Fully meets the JIU suggested standards.
UPU	The Internal Auditor reports to the Director General.	Annual report is submitted to the Council of Administration for consideration. The Council of Administration notes the conclusions and recommendations.	Partially meets the JIU suggested standards.
ITU	The Internal Auditor reports to the Secretary-General.	An annual report on the internal audit activities is submitted to the Council.	Partially meets the JIU suggested standards.
WMO	IAIS reports to the Secretary-General.	IAIS prepares an annual report to be submitted to the Executive Council with the appropriate comments of the Secretary-General. All audit reports issued by IAIS are at the disposal of the Executive Council upon request.	Partially meets the JIU suggested standards.
IMO	MSA & IOS reports to the Secretary-General.	A summary report on the activities undertaken during the six-month period is submitted to the Secretary-General and is subsequently summarized in the report to the Council on the work programme and budget.	Partially meets the JIU suggested standards.
WIPO	The Director, IAOD, is responsible to the Director General, has access to the Chair of the General Assembly and provides support services to the proposed Audit Committee.	IAOD submits copies of all final audit reports to the Audit Committee and an annual summary report to the WIPO General Assembly.	Partially meets the JIU suggested standards.
UNIDO	OCG reports to the Director-General.	OCG annual report contains overview information of major activities undertaken. Brief information is also contained in the UNIDO Annual Report.	Partially meets the JIU suggested standards.
UNWTO			
IAEA	OIOS reports to the Director General.	Only major findings on programme evaluation are reported to the Board. The audit and investigations findings are not reported to the Board. Only the Director General has the discretion to determine what is to be reported to the Board.	Partially meets the JIU suggested standards.

JIU suggested standards:

(a) Internal oversight reporting to the executive heads and access, at the discretion of the internal oversight head, to an external oversight board;
(b) Independent submission of the summary report of the internal oversight annually to the oversight board, with the separate comments of the executive head;
(c) Review of the oversight report by the external oversight board;
(d) Provision of individual internal audit reports to the oversight board, on request;
(e) The provision of investigation reports to the oversight board, at the discretion of the internal oversight head.

Annex VII

Budget comparison

Agencies	2004-2005 biennium (Millions of US dollars)[22]		Percentage of (*b*) to (*a*)	Within/outside the JIU range
	Total resources managed (*a*)	Internal oversight budgets (*b*)		
UNITED NATIONS, ITS FUNDS AND PROGRAMMES				
United Nations	12 239.0[23]	58.8	0.48	Below the range
UNDP	7 132.0	18.5	0.26	Below the range
UNFPA	557.0	4.5	0.81	Within the range
UNICEF	4 868.0	20.0	0.41	Below the range
UNHCR	2 421.0	9.2	0.38	Below the range
WFP	5 990.0	12.1	0.20	Below the range
SPECIALIZED AGENCIES AND IAEA				
ILO	904.0	5.5	0.61	Within the range
FAO	1 335.0	9.6	0.72	Above the range
UNESCO	1,235.0	5.9	0.48	Below the range
ICAO	445.0	1.4	0.31	Below the range
WHO	3 983.0	5.2	0.13	Below the range
UPU	221.0	0.28	0.13	To in-source
ITU	253.0	0.56	0.22	Below the range
WMO	146.7	0.57	0.39	To in-source
IMO	140.3	0.81	0.58	To in-source
WIPO	402.3	1.02	0.25	Below the range
UNIDO	426.0	4.2	0.99	Above the range
UNWTO	27.0	Nil	Not applicable	None (outsourced)
IAEA	796.0	4.6	0.58	Below the range

Suggested JIU range:

Total resources of US$ 250 million or less – should in-source internal oversight. Not enough resource base to justify establishing an in-house oversight unit.

Total resources of US$ 250 million to US$ 800 million – 0.60 to 0.90 per cent to be spent on internal oversight.

Total resources of US$ 800 million or more – 0.50 to 0.70 per cent as above, as there are economies of scale that should allow for a slightly lower range.

[22] All resources/budgets converted to US dollars. The conversion rates are US$ 1 = Sw.F. 1.30, US$ 1 = 0.83 euros and US$1= 107.33 yen.

[23] Total resources for comparison include United Nations regular and extrabudgetary budgets, all peacekeeping missions for the two-year period (1 July 2003 to 30 June 2005), the International Criminal Tribunal for Rwanda (ICTR), the International Criminal Tribunal for the former Yugoslavia (ICTY), UNU, the United Nations Framework Convention on Climate Change (UNFCCC) and the United Nations Convention to Combat Desertification (UNCCD).

Annex VIII

Total budget/internal oversight Professional staff strength

Agencies	(*a*) Total resources of the organization for the 2004–2005 biennium (millions of US dollars) (*b*) Total staff members employed	Total internal oversight Professional staff on board (vacant posts in parenthesis) (*c*) Internal audit (*d*) Investigation (*e*) Evaluation	Average annual budget per auditor (millions of US dollars) (*a*) to (*c*)	Average total staff per investigator (*b*) to (*d*)	Average annual budget per evaluator (millions of US dollars) (*a*) to (*e*)	Within/outside JIU suggested range
UNITED NATIONS, ITS FUNDS AND PROGRAMMES						
United Nations	12 239.0 33 141	Internal audit – 82 Investigations – 37 Monitoring/evaluation and management consulting – 16 **Total – 135 (14)**	75	896	382	Within the range for internal audit and investigations Outside the range for evaluations
UNDP	7 132.0 7043	Internal audit – 24 Investigations – 4 Evaluation – 9 **Total – 37 (10)**	149	1 760	396	Outside the range
UNFPA	557.0 972	Audit specialists – 10 Evaluation advisers – 4 **Total – 14 (4)**	28	Nil	70	Outside the range
UNICEF	4 868.0 9 346	Internal audit – 18 Investigation Specialist – 1 Evaluation – 8 **Total – 27 (1)**	135	9 346	304	Outside the range
UNHCR	2 421.0 5 444	Internal audit – 13 Investigations – 6 Inspections – 6 Evaluation – 5 Ethics and Diversity Officer – 1 **Total – 31 (3)**	93	907	242	Within the range

WFP	5 990.0 11 752	Internal audit – 11 Inspection and investigations – 4 Evaluations – 7 **Total – 22**	272	2 938	427	Outside the range
SPECIALIZED AGENCIES AND IAEA						
ILO	904.0 2 500	Internal audit – 4 Investigations – 0 Evaluation – 3 **Total – 7**	113	Nil	151	Outside the range for internal audit and investigation Within the range for evaluation
FAO	1 335.0 3 194	Internal audit – 13 Investigations – 3 Evaluation – 8 **Total – 24 (2)**	51	1 064	83	Outside the range for internal audit and evaluation Within the range for investigation
UNESCO	1 235.0 2335	Internal audit – 10 Investigations – nil Evaluation – 6 **Total – 16 (4)**	62	Nil	103	Within the range for internal audit Outside the range for investigation and evaluation
ICAO	445.0 2713	Internal Audit and Evaluation Officer – 1 Evaluation Officer – 1 **Total – 2 (1)**	223	Nil	223	Outside the range
WHO	3 983.0 3083	Internal audit – 11 Investigations – 2 Evaluation – 4 **Total – 17 (2)**	181	1542	497	Outside the range
UPU	221.04 217	1 (part time at 80 per cent)	110	Nil	Nil	Within the range for internal audit
ITU	253.0 812	Internal audit – 2	63	Nil	Nil	Within the range for internal audit
WMO	146.7 254	Internal audit – 1	74	Nil	Nil	Within the range for internal audit
IMO	140.3 359	Internal oversight officers – 2	35	Nil	Nil	Outside the range for internal audit

WIPO	402.3 1 200	Internal audit – 2 Investigations – 1 Evaluation – 1 **Total – 4 (2)**	101	1 200	201	Within the range
UNIDO	426.0 709	Internal audit – 3 Evaluation – 3 **Total – 6**	71	Nil	71	Within the range for internal audit Outside the range for evaluations
UNWTO	27.0 95	Nil	Nil	Nil	Nil	
IAEA	796.0 2 311	Internal audit – 5 Investigations – 3 Evaluation – 3 Management services – 2 **Total – 11**	80	2 311	133	Within the range for internal audit and evaluation Outside the range for investigations

Suggested JIU range:

(a) Average annual budget per auditor US$ 60–110 million.
(b) Average total staff per investigator 700–1,500.
(c) Average annual budget per evaluator US$ 125–250 million.

Annex IX

Accountability framework

Organization	Establishment of ethics function, composition and terms of reference	Financial disclosure requirement for managers and procurement staff	Comments
UNITED NATIONS, ITS FUNDS AND PROGRAMMES			
United Nations	The Secretary-General proposed to the General Assembly in November 2005 the establishment of an ethics office to assist him "in ensuring that all staff members observe and perform their functions in consistency with the highest standards of integrity, as required by the Charter of the United Nations". The main responsibilities include (*a*) administering the Organization's financial disclosure programme, (*b*) protection of staff against retaliation for reporting misconduct, (*c*) providing confidential advice and guidance to staff on ethical issues, and (*d*) developing standards, training and education on ethical issues.	New Secretary-General's bulletin (ST/SGB/2005/19) promulgated in November 2005. The following staff members have an obligation to file financial disclosure statements: all staff members at the ASG level and above, all procurement officers or those whose principal occupational duties are procurement of goods and services, and staff members whose principal duties relate to the investment of assets of the United Nations, the United Nations Joint Staff Pension Fund or any other accounts. The requirement is applicable to their dependent children and their spouses. The General Assembly has before it for consideration the Secretary-General's report on amendments to the Staff Regulations (A/60/365), in which the Secretary-General has requested that the General Assembly approve a change to staff regulation 1.2(n) which would broaden financial disclosure requirements to include staff at the L-6, D-1, L-7 and D-2 level and additional staff as deemed necessary by the Secretary-General.	In process, expected to meet the JIU suggested standards.
UNDP	United Nations Code of Conduct applies to all UNDP staff. No ethics committee.	ASG and above submit personal disclosure statements.	Partially meets the JIU suggested standards.
UNFPA	UNFPA follows the Standards of Conduct as adopted by the ICSC in 2001. UNFPA does not have a separate ethics committee.	Pursuant to staff regulation 1.2(n), all staff members at the ASG level and above shall be required to file financial disclosure statements upon appointment and, thereafter, on an annual basis in respect of themselves and their dependent children.	Partially meets the JIU suggested standards.
UNICEF	UNICEF staff members are guided by the principles of the 2001 Standards of Conduct by ICSC. There is no ethics committee.	All UNICEF staff are required to adhere to the United Nations Staff Regulations and Rules, 2001 Standards of Conduct by ICSC as well as UNICEF policy. Their basic duties and obligations and standards of conduct as international civil servants are reiterated in chapter I of the UNICEF Human Resources Policy.	Partially meets the JIU suggested standards.

		and Procedure Manual. While UNICEF does not have an ethics committee, instances of staff ethical conduct and misconduct are dealt with by the Policy and Administrative Law Section in the Division of Human Resources.	
UNHCR	UNHCR does not have an ethics committee per se. However, a Code of Conduct Task Force established in 2003 was renamed Ethics Forum in 2005 and includes management and staff council representatives.	ASG and above (three staff members) submit personal financial disclosure statements. In the light of the recently promulgated Secretary-General's bulletin and the General Assembly decision, UNHCR is reviewing mechanisms to address this.	Does not meet the JIU suggested standards.
WFP	WFP follows the ICSC Standards of Conduct. WFP conducted a gap analysis for ethics and a draft code of conduct is in circulation and will be issued by the end of 2005. An ethics committee is being referred to in this.	A draft financial disclosure policy is under review, in which all staff with delegated authority or spending authorization of US$ 200,000 or more, all country directors, and all staff at levels D-2 and above will be required to submit financial disclosure statements.	Partially meets the JIU suggested standards.
SPECIALIZED AGENCIES AND IAEA			
ILO	The ICSC Standards of Conduct are posted on the ILO Human Resources Division intranet for the attention of all officials. Currently, a Task Team convened by the Director-General to examine a number of issues relating to ethics and accountability, is reviewing a draft ILO circular to all officials on ethical disclosures – conflict of interest.	The circular being reviewed proposes financial disclosure by officials at D-1 level and above, External Office Directors, the Chief of the Treasury and Accounts Branch, the Chief of the Treasury Operations Section, Contract Committee members, procurement officials and any other official designated by the Director-General.	Partially meets the JIU suggested standards.
FAO	No ethics committee.	No financial disclosure requirement for senior staff.	Does not meet the JIU suggested standards.
UNESCO	UNESCO is about to relaunch a Code of Conduct and to develop an ethics policy, supported by ethics training. There is no ethics committee at present.	Not required at present but this will most likely be an important feature of the ethics policy.	Does not meet the JIU suggested standards.
ICAO	There is no ethics committee in ICAO. The Code of Conduct is provided in the Service Code, which is approved by the ICAO Council.	There are no established policies and procedures that require senior staff members to submit personal financial disclosure statements.	Does not meet the JIU suggested standards.
WHO	Ethics officer post is being established.	The "declaration of interest" form requires specific personal financial information for staff above D-1 level.	Partially meets the JIU suggested standards.
UPU	Conduct is covered by the Staff Regulations. UPU refers to and applies the ICSC Standards of Conduct.	No financial disclosure requirement for senior staff.	Does not meet the JIU suggested standards.
ITU	As a complement to the Staff Regulations and Staff Rules, the ICSC Standards of Conduct have been promulgated since 2002 making it mandatory for all staff.	No financial disclosure requirement for senior staff.	Does not meet the JIU suggested standards.
WMO	A task team is working on an ethics code.	No financial disclosure requirement for senior staff.	Does not meet the JIU suggested standards.
IMO	The Code of Conduct for the staff was established and provided for under article 1 of the Staff Regulations and Rules. IMO does not have an ethics committee.	No financial disclosure requirement for senior staff.	Does not meet the JIU suggested standards.

WIPO	Staff Regulations and Rules, ICSC Standards of Conduct. Ethics committee not established.	Relevant policy and procedures prepared by WIPO being reviewed by member States.	Does not meet the JIU suggested standards.
UNIDO	UNIDO adheres to the ICSC Standards of Conduct. No ethics committee; however, consideration is being given to the establishment of such, taking into account best practices within and outside the United Nations system.	No financial disclosure requirement for senior staff, however this is under consideration taking into account best practices within and outside the United Nations system.	Does not meet the JIU suggested standards.
UNWTO			
IAEA	The Agency adopted the ICSC Standards of Conduct and compliance with these standards is required under the Staff Rules. The Agency has no ethics committee.	No financial disclosure requirement for senior staff.	Does not meet the JIU suggested standards.

Suggested JIU standards:

Ethics function:

(*a*) Clear terms of reference and composition;
(*b*) Establishment of an ethics officer at D-1/ P-5 level;
(*c*) Establishment of policies and standards of ethics and wider publicity;
(*d*) Organizing training and workshops on ethics for all staff;
(*e*) Providing guidance on ethical issues.

Financial disclosure statement:

(*a*) Established financial disclosure requirements for all staff above D-1 level and all procurement staff, treasury and Professional-level oversight staff;
(*b*) Filing of the financial statements to the ethics office(r);
(*c*) Review of the financial disclosure statements by the ethics office(r).